

Message Text

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TO SECSTATE WASHDC 3647
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/AMEMBASSY BUDAPEST 1972
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USMISSION USNATO
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SUBJECT: 1974 NINE-MONTH PLAN RESULTS FOR INDUSTRY

REF: MOSCOW 15667, 12/14/73

1. SUMMARY: INDUSTRIAL PRODUCTION PLAN RESULTS FOR FIRST
NINE MONTHS OF 1974 ANNOUNCED IN OCTOBER 20 CENTRAL PRESS.
CENTRAL STATISTICAL ADMINISTRATION (CSA) FIGURES REVEAL
GROWTH IN OUTPUT OF 8.2 PERCENT OVER COMPARABLE 1973
PERIOD, WHILE LABOR PRODUCTIVITY GROWTH REMAINED AT THE
6.7 PERCENT LEVEL IT HAS MAINTAINED THROUGHOUT MOST OF
1974. PROJECTED TO FULL YEAR, BOTH THESE FIGURES REPRESENT
OVERFULFILLMENT OF REDUCED 1974 TARGETS SET LAST DECEMBER
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(REFTEL) AND UNDERFULFILLMENT OF GOALS FOR 1974 SET WITHIN

NINTH FIVE YEAR PLAN (FYP) FRAMEWORK. IN ENERGY SECTOR, GAS PRODUCTION KEPT PACE WITH LOWERED 1974 TARGETS BUT WAS FAR BENEATH FYP TARGET FOR YEAR, WHEREAS OIL OUTPUT WAS BELOW BOTH ORIGINAL AND REDUCED GOALS. FOOD SECTOR, ESPECIALLY MEAT OUTPUT, SHOWED HEALTHY GAINS, WHILE LIGHT (CONSUMER-ORIENTED) INDUSTRY CONTAINED ITS ON-TARGET (ALBEIT REDUCED) GROWTH PATTERN. END SUMMARY.

2. MIXED NATURE OF NINE-MONTH RESULTS STRESSED IN FRONT PAGE EDITORIAL OF OCT 21 PRAVDA, WHICH INDICATES AMONG MAJOR SHORTCOMINGS OF ECONOMIC PERFORMANCE THAT PORTION OF ENTERPRISE COLLECTIVES HAVE REMAINED IN DEBT TO GOVERNMENT AND THAT PRODUCTION GOALS NOT FULFILLED FOR CAUSTIC SODA, SULPHURIC ACID, PETROLEUM EQUIPMENT, FOUNDRY PRESSES, HEATING LINES, GRAIN-HARVESTING COMBINES AS WELL AS OTHER MANUFACTURES. EMPHASIZING NECESSITY TO IMPROVE QUALITY OF OUTPUT, PRAVDA NOTES THAT ONLY TWO PERCENT OF TOTAL ARTIFICIAL FIBER PRODUCTION HAS EARNED GOVERNMENT SEAL OF QUALITY. AFTER CASTIGATING MINISTRIES OF ELECTRICAL EQUIPMENT INDUSTRY, PETROLEUM INDUSTRY AND FOOD INDUSTRY FOR FAILURE TO APPLY NEW TECHNOLOGY, EDITORIAL PRESCRIBES CUSTOMARY PANACEA FOR THESE AND OTHER INDUSTRIAL AILMENTS--STRENGTHENED SOCIALIST COMPETITION.

3. FOLLOWING SELECTED NINE-MONTH PRODUCTION STATISTICS, WITH PERCENTAGE INCREASE COMPARED TO SIMILAR 1973 PERIOD, ARE TRANSMITTED IN ACCORDANCE WITH AGREEMENT WITH OFFICE OF ECONOMIC RESEARCH:

ELECTRICAL ENERGY: 711 BILLION KWT HOURS; 107
OIL (INCLUDING GAS CONDENSATE): 340 MILLION TONS; 107
GAS: 191 BILLION CUBIC METERS; 109
COAL: 511 MILLION TONS; 102
(COKING COAL OUTPUT OMITTED FROM STATISTICAL REVIEW)
PIG IRON: 74.5 MILLION TONS; 105
STEEL: 102 MILLION TONS; 104
ROLLED METAL: 81.1 MILLION TONS; 105
(OF WHICH FINISHED METAL: 70.3 MILLION TONS; 103)
MINERAL FERTILIZERS (IN CONVENTIONAL UNITS): 58.7
MILLION TONS; 110
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PLASTICS AND SYNTHETIC RESINS: 1.8 MILLION TONS; 108
CHEMICAL FIBERS: 651 THOUSAND TONS; 107
METAL-CUTTING MACHINE TOOLS: 161 THOUSAND UNITS; 103
(1,025 MILLION RUBLES; 111)
FORGE-PRESS MACHINES: 35.9 THOUSAND UNITS; 104
(270 MILLION RUBLES; 111)
INSTRUMENTS, MEANS OF AUTOMATION AND RELATED SPARE
PARTS: 2.8 BILLION RUBLES; 113

COMPUTER EQUIPMENT AND RELATED SPARE PARTS: 1.5
BILLION RUBLES; 131
OIL APPARATUS: 130 THOUSAND TONS; 109
CHEMICAL EQUIPMENT AND SPARE PARTS: 451 MILLION RUBLES; 111
MAINLINE RAIL FREIGHT CARS: 53.6 THOUSAND UNITS; 101
AUTOMOBILES: TOTAL: 1,368 THOUSAND UNITS; 116
INCLUDING:
TRUCKS: 494 THOUSAND UNITS; 106
PASSENGER CARS: 829 THOUSAND UNITS; 123
TRACTORS: 395 THOUSAND UNITS; 106
ARGICULTURAL MACHINES: 2,563 MILLION RUBLES; 117
GRAIN-HARVESTING COMBINES: 64.7 THOUSAND; 93
PAPER: 3.7 MILLION TONS; 103
CEMENT: 85.7 MILLION TONS; 105
COTTON TEXTILES: 4,942 MILLION SQUARE METERS; 100.5
LEATHER FOOTWEAR: 506 MILLION PAIRS; 102
MEAT (INDUSTRIAL--(I.E., STATE--PROCESSED) 6.6 MILLION
TONS; 113
BUTTER: 1.1 MILLION TONS; 104
CANNED FOODS: 10.8 BILLION CANS: 109
TELEVISION SETS: 4.9 MILLION UNITS; 105
REFRIGERATORS: 4.1 MILLION UNITS; 100.5
WASHINGTONMACHINES: 2.3 MILLION UNITS; 102
FURNITURE: 2.9 BILLION RUBLES: 109

3. COMMENT: ON ABSOLUTE BASIS, DURING FIRST NINE MONTHS OF
1974, INDUSTRIAL PRODUCTION CONTINUED TO SHOW MARKED GROWTH,
REGISTERING 8.2 PERCENT INCREASE OVER COMPARABLE 1973
PERIOD. THIS IS CONSIDERABLY ABOVE REDUCED TARGET OF 6.8
PERCENT FOR YEAR AS WHOLE SET LAST DECEMBER, BUT WEKLL BELOW
8.6 PERCENT GROWTH FOR 1974 SPECIFIED IN FYP. LIKEWISE,
LABOR PRODUCTIVITY WAS UP FOR PERIOD BY 6.7 PERCENT, AS
COMPARED TO LOWERED TARGET OF 6 PERCENT SET IN REVISED 1974
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PLAN AND 7.2 PERCENT ANNUAL GROWTH REQUIRED BY FYP FOR 1974.

4. IN THE ENERGY SECTOR, PICTURE IS MIXED. PRODUCTION OF
ELECTRICAL ENERGY IS UP BY 7 PERCENT, BUT NOW REQUIRES
STRONG SURGE TO EQUAL EITHER REDUCED 1974 TARGET OF 975
BILLION KILOWATT HOURS OR FYP PROJECTION OF 985 BKWH FOR
YEAR. OIL PRODUCTION IS UP BY 7 PERCENT, AND IF CURRENT
PACE CONTINUED FOR REST OF YEAR WILL REMAIN BELOW BOTH
REDUCED 1974 TARGET OF 7.1 PERCENT GROWTH AND FYP GOAL FOR
1974 OF 7.5 PERCENT. GAS PRODUCTION, WITH NINE MONTH GROWTH
OF 9 PERCENT, IS SLIGHTLY AHEAD OF REVISED 1974 TARGET OF
8.8 BELOW BUT FAR BELOW FYP GOAL FOR YEAR OF 12 PERCENT.
WITH 2 PERCENT GROWTH IN OUTPUT, COAL INDUSTRY IS ALSO BEHIND
FYP 1974 TARGET OF 2.8 PERCENT. IN SHORT, PROBLEMS IN
EXTRACTING, TRANSPORTING ND DISTRIBUTING ENERGY-PRODUCING

RESOURCES--WHICH HAVE BEEN DEALT QPHH EXTENSIVELY IN OTHER
EMBASSY REPORTING--APPEAR TO BE CONTINUING UNRESOLVED.

5. MAJOR GOOD NEWS FROM SOVIET LEADERSHIP POINT OF VIEW IN
NINE-MONTH STATISTICS IS CONSUMER SIDE, WHERE MOST PRODUCTION
IS GROWING AT RATE AT LEAST EQUAL TO REDUCED 1974 TARGETS.
PRODUCTION IN FOOD AND MEAT/DAIRY INDUSTRIES UP BY 12 AND
10 PERCENT RESPECTIVELY OVER COMPARABLE 1973 PERIOD WHICH
MUST BE GRATIFYING TO LEADERSHIP FOR POLITICAL AS WELL AS
ECONOMIC REASONS. OUTPUT OF MEAT ALONE FOR FIRST NINE
MONTHS UP BY 13 PERCENT; HOWEVER, IN THIS STATISTIC ONE
MUST REMEMBER THAT MEAT PRODUCTION FROM JANUARY TO OCTOBER,
1973 RPT 1973 WAS FAR BELOW THAT OF THE COMPARABLE 1972
PERIOD. IN REAL SENSE, THEREFORE, MEAT INDUSTRY ONLY
JUST NOW BEGINNING TO SHOW GENUINE RECOVERY FROM EFFECTS
OF 1972 DROUGHT.
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